

**Agenda Item:** VI.

**DATE:** April 15, 2004

**SUBJECT:** Status of THEC Plan of Action

**ACTION RECOMMENDED:** Approval

**BACKGROUND INFORMATION:** Staff will brief the Commission regarding on-going actions taken to implement the plan that was adopted by the Commission in 2002. The plan superseded the 2000-05 Master Plan upon identification of issues and policies where change was necessary due to limited state support for higher education. The plan provides for updates at each Commission meeting. Among the issues that will be addressed is a revised set of enrollment ranges for Fall 2004. Staff recommends advising the previously established ranges in order to recognize growth in first-time freshmen at the universities as a direct result of the State Lottery Scholarship program.

**Premise**

As a result of systemic budgetary instability, the Tennessee Higher Education Commission issued the *Plan of Action*, a revision to its 2000-05 Master Plan, aimed at promoting a realistic response to the educational and fiscal challenges facing Tennessee. Given the unstable funding environment for higher education and the unlikelihood of additional investments in the foreseeable future, the Commission questioned whether higher education could continue to operate under the modus operandi of “business as usual.” The policy initiatives outlined in the *Plan of Action* were designed to encourage Tennessee colleges and universities to strategically position themselves to maintain the highest level of academic integrity and quality. One of the central components of this strategic repositioning was the adoption of an enrollment management plan that would balance the need for increased access to higher education while also ensuring greater efficiencies given the funding environment for public post-secondary education.

In the original version of the *Plan of Action* the Commission called for the implementation of an enrollment management plan that would serve to balance the tension between access and quality. Given the probability of continued limitations in state support, coupled with projected enrollment growth that would further strain institutions, the Commission implemented a state-wide enrollment management policy that created enrollment ranges for first-time freshmen in the university sector. Rather than limit overall enrollment, this policy provides opportunities for the state to responsibly manage enrollment. For example, this policy is designed to encourage institutions to increase student persistence and creatively utilize distance education technology. The Commission’s enrollment management plan also calls for a greater emphasis on increasing successful transfer and articulation between community colleges and

universities and encourages the broader utilization of the available capacity of the community colleges.

### Policy Revision

As a result of the implementation of the Tennessee Education Lottery Scholarship program, the staff recommends a revision to the enrollment management policy outlined in the *Plan of Action*. While the staff remains committed to the original goals and intent of this policy, accommodations should be made to support the legislative intent of the scholarship program, improving access to post-secondary education and retaining more of Tennessee's best and brightest students. Preliminary research indicates that a significant number of high school graduates will qualify for the awards; therefore, the scholarship program will inevitably lead to increased pressure for access to post-secondary education. In recognition of the tension between this reality and the enrollment components of the *Plan of Action*, the staff recommends that the original enrollment ranges be adjusted to provide latitude for institutions to accommodate lottery-related enrollment growth. Given the fluid nature of lottery driven enrollment, both the state and institutions require an increased degree of flexibility to ensure that the statutory intent of the program is achieved.

The proposed revision is based upon the upper bound of the three year enrollment range contained within the *Plan of Action*. The staff recommends that these ranges provide a maximum ceiling for institutional enrollments for the 2004-05 and 2005-06 academic years. If the number of **first-time freshmen** exceeds the ceilings listed below, the additional students and their corresponding FTEs will not be included in the Commission's funding formula calculations. However, institutions will be able to retain any tuition and fee revenue that is generated from such enrollments.

### Enrollment Ranges for Fall 2004 and Fall 2005

Institution	First-time Frosh (FTE) F02	First-time Frosh (FTE) F03	Ceiling for F03	Revised Ceiling for F04 and F05	Actual F03 - revised ceiling for F04 and F05
APSU	1,002.27	990.00	1,052	1,179	188.67
ETSU	1,461.93	1,524.80	1,535	1,719	194.43
MTSU	2,985.60	2,883.80	3,135	3,511	627.27
TSU	1,324.47	1,209.33	1,391	1,558	348.25
TTU	1,184.87	1,117.33	1,244	1,393	276.08
UM	1,687.07	1,805.47	1,771	1,984	178.52
UTC	1,174.33	1,373.07	1,233	1,381	7.94
UTK	3,429.27	3,357.33	3,601	4,033	675.49
UTM	1,152.00	1,018.20	1,210	1,355	336.55
<b>Total</b>	15,401.81	15,279.33	16,172	18,113	2833.20

This policy adjustment will provide flexibility for institutions to accommodate projected increases in enrollment that may occur as a result of the implementation

of the HOPE lottery scholarship program. As a result of this policy adjustment, institutions will be able to accommodate an additional 892 FTE over the current enrollment ceiling, or an additional 2,833 FTE over state-wide fall 2003 enrollment levels.

At the conclusion of the 2005-06 academic year, the Commission staff will revisit these ranges and other enrollment management issues. In the interim, the Commission staff will work cooperatively with the governing boards to conduct a detailed review of admissions policies to ensure that they adequately reflect institutional mission, fiscal reality, and the goals of the 2005-10 statewide Master Plan for higher education in Tennessee.